

CHAPTER IX

OTHER POSSIBILITIES

The purpose of this chapter is to examine other possible means of solving population problems, in addition to family planning and birth control.

A possible solution is industrialisation. It has generally been agreed that, by producing manufactured goods, whether they are consumed internally or traded abroad for food, labour which is plentiful in supply is in fact traded for the limited factors of production—land and capital. Economists advocate industrialisation on the grounds that it may contribute to agricultural improvement, either directly through the production of fertilisers and agricultural equipment or indirectly through the extension of domestic markets for agricultural products, and the provision of an outlet for excess rural population. Professor Gunnar Myrdal explains "industrialisation creates technology which can be applied to agriculture, but not vice versa".¹

In certain countries where the supply of natural resources such as land are abundant in relation to the human factor, industrialisation may turn population growth into a valuable aid in attaining higher living standards as in the case of the United States. If the population of the United States had, however, remained at its nineteenth century level of 5 million, the country could never have exploited its vast natural resources, and built its present industrial plant nor could it have adequate markets. Fortunately, United States was able to increase her population. These underdeveloped countries having great reserves of unused resources and a relatively small population may be able to benefit out of rapid population growth, if they embark on industrialisation drive.

Industrialisation, it is believed, may cut high birth rates through the operation of such factors as urbanisation, the breaking up of peasant society, general education, higher school leaving age (especially for girls), and a built-in habit of technological progress.

The effect of industrialisation, unlike the practice of birth control, on fertility is not immediate. Nevertheless, it also helps to lower birth rates ultimately.

Industrialisation, thus, is often regarded as the key to economic progress in the backward economies. But industrialisation is

¹ See Higgins, Economic Development, Allahabad, 1963 P.14

not a simple process. Certain requirements have to be fulfilled before industrialisation can take place. There must be adequate number of skilled labour, enough raw materials, sufficient amount of capital, and potential market. The underdeveloped countries, however, are handicapped by the following:-

(1) Lack of skilled labour. Most workers are illiterate and do not possessed the skills and abilities required for efficient operation and maintenance of machinery and for technical, clerical and managerial occupations. It is not easy to find suitable trainees for such jobs among a population composed mainly of peasant farmers and a few artisans using simple tools and little or no machinery at all. If they are to be turned into industrial workers, they have to be properly educated and trained. Otherwise, they would not be able to contribute towards industrial growth.

(2) Lack of raw materials. Not all of them have adequate supply of mineral and energy resources, the crucial factors. Some may not even have any at all. In such cases, the countries concerned have to utilise the existing domestic resources in an economical manner, and to import from overseas.

(3) Lack of capital. Capital is scarce in supply. Savings and investments are inadequate. We have seen earlier that large portions of their incomes are spent on food and other day-to-day necessities, thereby leaving little scope for them to save. Moreover, existing village economy it has been argued, exhibit enmity towards the formation of capital. The principle of thrift as the basis of the formation of capital only very sporadically operates in the peasant economy. Hence, it is evident that the impulse in the formation of capital would have to come from abroad. In the words of Higgins, "it is doubtful whether many of them (underdeveloped countries) can raise the additional resources they need without some foreign aid or foreign investment."² Foreign aid can come from two sources, richer nations and international bodies such as World Bank and International Development Association. (See table 14). With foreign aid, the underdeveloped countries can purchase many of their equipment from abroad.³ Unless adequate supply of capital is

² Ibid, P. 569

³ It has been suggested that the underdeveloped countries must not rely too much on foreign capital. Whatever is purchased on loans, must be paid for within a reasonable time out of savings, if the borrowing nation is to avoid an excessive burden of debt, and maintain a good credit standing. Domestic savings, it has been said, can be made to yield an adequate amount of new capital, if appropriate economic policies are carried out by the governments concerned. The establishment of adequate financial institutions, for instance, would stimulate savings and investment. The underdeveloped countries must depend entirely on investment out of their own saving in order to work towards economic development.

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TABLE 14

**WORLD BANK LOANS AND INTERNATIONAL DEVELOPMENT ASSOCIATION
(IDA) CREDITS IN ASIA**

Country	Bank Loans	IDA Credits
Burma	\$35347000	\$ -
China	-	15300000
Ceylon	38900000	-
India	817437000	12200000
Japan	482164000	-
Malaya	30600000	-
Pakistan	256327000	21000000
Philippines	61000000	-
Thailand	128659000	-
Total	\$1848434000	\$158300000

Purpose of Bank or IDA lending	Amount (to nearest \$ million)
Transportation	\$858000000
Power	455000000
Agriculture	123000000
Industry	472000000
Other	94000000
Total	\$2007000000

Sources:- IBRD, The World Bank and IDA in Asia, Washington, 1962 P.1

available, rapid progress in industrialisation is impossible.

(4) Market problems. Potential markets may be sought from within the country and abroad. If the underdeveloped countries wish to cater for home market, they are handicapped by its limited size. The population may be of considerable size but, the level of income and purchasing power of the people is generally low. On the other hand, if markets are found abroad, they must find a way to produce their manufactured goods efficiently and cheaply to meet foreign competition. Foreign competitors have highly developed industrial plants, skilled labour and established world markets.

However, if the developed countries are able to overcome those difficulties, then industrialisation seems to be a solution to their population problems.

The development of agriculture, another possible remedy must go together with industrial development. Agriculture helps industrial growth. "In many countries in the past, growth and improvement in agriculture have fostered and smoothed the way for the establishment and growth of industry."⁴ Economic historians have traced the various ways in which a prosperous and expanding agriculture formed the basis for the concurrent or subsequent establishment and expansion of manufacturing. Agriculture may serve in various ways. It provides a large part of the sustenance of the growing urban population, and also supplies market for manufactured goods brought out of higher real incomes, a source of capital for industry, and a source of foreign income to pay for imported capital goods for industry.

Can emigration solve the population problems today?

During the nineteenth and early twentieth century, overseas emigration played an important role in Europe. It helped Europe to escape the prevailing population pressure. Emigrants not only relieved the pressure but also built up markets abroad for the products of home countries industries, supplying raw materials and food in exchange.

Underdeveloped countries today, however, have much less opportunities. There are no longer any great 'new worlds' with vast areas of good farmland. Though some lands are still available to immigrants in South America and Australia, they are generally less productive and more costly to develop than lands which European emigrants took up earlier.

⁴ Benar and Yanny, The Economics of Underdeveloped Countries, Cambridge, 1959 P.235.

Generally a substantial investment is required to cover the cost of transporting the migrants, outfitting them on their new farms with stock and equipment, maintaining them until they reap their first harvest, building their new homes, roads, and schools, irrigation, drainage elimination of pests to make land productive and habitable. The people of underdeveloped countries cannot afford to bear such costs.

Moreover, countries of immigration prefer to encourage settlers from more wealthy countries who would bring capital, a superior education and better knowledge of modern agriculture techniques with them. In other words, settlers from underdeveloped countries who are mostly unskilled are thus not wanted. In addition, there are severe restrictions in all countries of immigration, both on the rights of immigrants to enter and on types of employment in which they may engage. These restrictions are made in such a way as to discourage the immigration of the nationals of underdeveloped countries, especially Asia.

If emigration were to have an effect on the population trend of underdeveloped countries it would not only have to equal but to surpass by a wide margin the highest emigration rates experienced in Europe, during the era of the great transatlantic movement. Such a feat appears to be entirely out of question, under present world conditions. Within possible limits it may be of some help as in the case of Puerto Rico. Large-scale migration from Puerto Rico to the United States is possible because the immigrants are also the citizens of the United States, and the cost of their transportation and reallocation in that country is minimal.

However, for most underdeveloped countries emigration is not a possible solution. Thus, besides family planning and birth control, other possibilities are industrialization and agricultural development.